

# DAILY BULLETIN

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## BUSH AND IRAQ'S AL-YAWER LOOK AHEAD TO A NEW IRAQI FUTURE

Discuss reconstruction efforts, Iraq's future role in the Middle East

President Bush and Iraqi President Sheikh Ghazi Al-Yawer met June 9 for talks that covered reconstruction efforts in Iraq as well as the country's potential future, a senior administration official says.

Briefing reporters on the meeting, the official said the two leaders discussed the possibility of a stable and healthy Iraq, serving as a model for the rest of the region.

Other regional representatives who participated in the talks "acknowledged that to have a prosperous and democratizing and strong Iraq in the center of the Middle East ... would make an enormous difference," the official said.

He told reporters that the United States remains "committed to a unified Iraq," as do Iraq's neighbors and members of its interim government.

The new Iraqi government is likely to be characterized by "considerable decentralization" and protection of minority rights, the official said, adding that Iraqis themselves will be increasingly responsible for deciding their own future.

"One thing we have to start to do is to step back and have Iraqis solve a number of these problems on their own," the official said.

The U.S. official specifically cited the situation of the Kurdish minority in Iraq, which has asked for some recognition and certain accommodations in future Iraqi institutions. "But everybody has been clear, and the United States especially clear, that independence is not an option. You don't hear the Kurds really talking about independence," the official said.

The official also touched on the issue of debt relief for Iraq, reiterating the U.S. position that "substantial" debt forgiveness by Iraq's creditors is in order.

"Our view is that Iraq is going to need ... the vast majority of its debt relieved because this is a country that has been through one of the worst regimes in a very, very long time, that suffered under sanctions for 12 years because of the activities of that regime, and that a high level of debt is just not going to be sustainable" the official said.

Bush and Al-Yaweri met in Sea Island, Georgia, where leaders of the Group of Eight (G8) countries -- Canada, France, Germany, Italy, Japan, Russia, the United Kingdom and the United States -- were gathered June 8-10 for their annual summit.

One of the centerpieces of the summit agenda was G8 support for reform efforts in the greater Middle East/North Africa region.

#### U.N. RESOLUTION OFFERS NEW HOPE FOR IRAQ, OFFICIALS SAY

Provides international community a means to help

By Judy Aita  
Washington File Staff Writer

United Nations -- With the passage of the milestone resolution on Iraq June 8, senior officials of the United States, United Nations, and the new interim government of Iraq expressed optimism that the resolution will be a turning point in the country's political process and its relations with the international community.

The resolution, passed unanimously by the 15-nation Security Council, endorses the new interim government of Iraq which will assume authority with the end of

the occupation and the Coalition Provisional Authority (CPA) June 30, allows the multinational force (MNF) to provide security in partnership with the new government, sets out a leading role for the United Nations in helping the political process over the next year; and calls on the international community to aid Iraq in its transition.

The spirit of cooperation and, as one diplomat characterized it, "consensus atmosphere" throughout the negotiations marked a new chapter in the Security Council's work on Iraq, which had been marred by deep divisions over the decision by the United States, United Kingdom, and other members of the coalition to invade Iraq in 2003.

The new resolution, said U.S. Ambassador John Negroponte, "marks an opportunity for members of the international community as a whole, both in the Middle East region and beyond, to use this as an opportunity to show their strong support for the country of Iraq."

"This resolution marks the restoration of the full exercise of sovereignty and independence to the people and government of Iraq and that is, in my view, an extremely important political development," Negroponte said June 8 after the council vote.

The final resolution, which was originally sponsored by the United States and United Kingdom, was the result of recommendations not only from other council members, but members of the U.N. community at large. U.N. Special Envoy Lakhdar Brahimi, who helped the Iraqis form the interim government, and members of the new Iraqi government, especially Foreign Minister Hoshiyar Zebari, participated in the discussions for the resolution. All of the participants are expected to be partners in helping the Iraqis on the path to a democratically elected government by December 2005.

The council meetings with Brahimi and Zebari "combined to contribute to quite an optimistic atmosphere," Negroponte said. But the letters from U.S. Secretary of State Colin Powell and Dr. Ayad Allawi, prime minister of the interim government of Iraq, spelling out the understandings on security arrangements "were the turning point" in getting the international community behind the resolution.

Nevertheless, the officials say, Iraq will need concrete help from the international community not just support for the resolution.

Negroponte said, "I'm not telling you that just as a result of the passage of this resolution there will necessarily be a flood of offers of assistance, but for those countries for whom both the ending of the occupation and the reassertion of Iraqi sovereignty have been important benchmarks, it could enable them to give Iraq assistance."

"We would urge them to seize that opportunity," the ambassador said.

There are ample opportunities in Iraq, Negroponte said.

When sovereignty is restored and progress made on the political front and if the security situation can be stabilized there will be "numerous economic opportunities, first and foremost for the people and government of Iraq," Negroponte said, "but secondly, for those countries in the international community and their companies that are interested in participating and working with that economy."

"Iraq is a wealthy country with very talented people and workforce. I think once the requisite conditions of security and stability are established there are going to be great opportunities for all concerned," the ambassador said.

One specific appeal in the resolution is for troops to the multinational force, especially for the brigade that will be formed to protect U.N. workers and sites.

"There's no question that the assistance of the U.N. with respect to the organizing of elections during the next six months, and the preparations for elections to take place not later than January 30 next year is going to be vitally important," Negroponte said.

The resolution also appeals for assistance in training the Iraqi security and police forces, and there are reconstruction projects, he pointed out.

U.N. Secretary-General Kofi Annan said he believes that "the overwhelming majority of people both inside and outside Iraq will want the Interim Government to have a fair chance, and will judge it on its performance. A great deal is riding on its success, and we should all give it whatever help we can."

He said that he will name a U.N. special representative for Iraq soon.

Setting out a role for the United Nations, the resolution said that "as circumstances permit" the U.N. Assistance

Mission for Iraq (UNAMI) shall play a leading role in helping Iraq convene a national conference in July 2004 to select a consultative council; hold elections by January 2005; promote national dialogue on the drafting of a national constitution; and help with the coordination and delivery of reconstruction, development and humanitarian assistance.

Since the bombing of the U.N. headquarters in Baghdad in August 2003 which resulted in the death of several staff members including the secretary-general's special envoy, the United Nations has been waiting for the security situation to improve before sending in large numbers of workers on a permanent basis. Instead, the U.N. set up an office in Amman, Jordan, for the time being.

"I've said in the past that the U.N. works with people," the secretary-general said. "We should be able to get to them and they should be able to get to us. And so it has to be an environment that allows us reasonable mobility and flexibility for us to carry on our work."

"We are not asking for hundred percent security or guarantee. We operate in the real world and we know there are risks, but there are certain limits that we have to impose on ourselves," Annan said.

"I hope it would be possible for us to play the role that is expected of us, that we want to play, and so let's look forward positively," Annan said.

Appearing at the Council on Foreign Relations in New York City June 8 just before the Security Council vote, Zebari said that the resolution will affect Iraqis significantly in three ways. First, it will "take away the concept of occupation, which I would say was the main reason for many of the difficulties that we have been going through since liberation on April the 9th (2003)."

"Second, there is also the question of how legitimate is this new interim government since we haven't had a chance to have elections or to have elected representative government," the foreign minister said. "So with the involvement of the United Nations, with providing some international legitimacy to the new interim government, I think it will be more acceptable to the people of Iraq, to the region -- especially it will not be seen that this is purely an American-led operation."

Third, with the resolution "the new interim government of Iraq will have sovereignty and will have control over

its security, over its money, over its resources, representation, its management of the country,” Zebari said.

Negroponte, who has been the chief U.S. representative to the United Nations since September 2001, is the U.S. ambassador-designate to Iraq and will take up residence in Baghdad after June 30. As the head of the large U.S. embassy in Iraq, Negroponte will be responsible for carrying out U.S. policy and following up on the Security Council resolutions he helped draft as a U.N. delegate.

During his tenure at the United Nations, Negroponte pointed out, “we’ve passed 175 Security Council resolutions, most of them by consensus. The agenda of the U.N. Security Council has been very similar to the national security and foreign policy agenda of the United States” dealing with terrorism, Afghanistan, Iraq, the Middle East, and complex humanitarian emergencies in Africa and Haiti.

But the ambassador is quick to point out that he will not be replacing Coalition Provisional Administrator Paul Bremer.

“The important point to make is that I am not going to be replacing Mr. Bremer. The Interim Government of Iraq will replace Mr. Bremer. He will be, on June 30th, passing the baton to the Interim Government of Iraq,” Negroponte said.

“The authorities and the role that I will have will differ rather substantially from those of somebody who was, in effect, the ultimate authority in that country -- and will be -- until he passes the baton on to the interim government,” he said.

“I will be an ambassador, with traditional ambassadorial authorities, accredited to the new government of Iraq once it takes office,” Negroponte said.

## G8 LEADERS GIVE STRONG PUSH TO GLOBAL TRADE TALKS

Urge focus on core issues, needs of developing countries

The Group of Eight (G8) nations have announced their commitment to complete a framework by late July for achieving results in the stalled World Trade Organization (WTO) talks.

“We face a moment of strategic economic opportunity: by combining an upturn in growth in various regions with a global reduction in barriers to trade, we can deepen, broaden, and extend this economic expansion,” the G8 said in a statement issued June 9.

The eight countries said they will focus on “substantially” reducing trade-distorting agricultural subsidies and barriers to market access; opening markets more widely to trade in goods; expanding opportunities for trade in services; streamlining customs rules and other trade-related procedures, and advancing the development of all countries within the WTO system.

The G8 are Britain, Canada, France, Germany, Italy, Japan, Russia and the United States.

The statement by the G8 leaders was intended to give a strong push to the long-stalled WTO negotiations, a U.S. trade official in Sea Island told reporters via teleconference.

The leaders emphasized the need to deal with the core issues -- identified as agriculture, industrial goods, services and customs reform -- while not ignoring the needs of developing countries.

The leaders recognized that progress in agriculture is crucial to progress in the other areas, the official said. They emphasized the need for “equal ambition” in all three pillars of the agriculture negotiations: elimination of export subsidies, substantial reduction of trade-distorting domestic support, and substantial expansion of market access through reduction of tariffs and quotas, the official said.

Absent from the statement were details. For example, it omits mention of ending agriculture export subsidies by a date certain, a position long advocated by the United States and, significantly, just endorsed by the European

Union trade and agriculture commissioners. France, a member of both the G8 and European Union (EU), has vigorously opposed that position.

“The fact that the leaders said that they wanted the three pillars with equal ambition actually says quite a lot,” the official said, adding that negotiators in Geneva, not the G8 leaders, should work out the details.

Left unclear in the statement was whether Japan would abandon its longtime resistance to reducing extraordinarily high tariffs on rice and some other politically sensitive commodities.

“Japan was very anxious to insure that there was a very strong statement and a show of support for moving forward in the Doha negotiation overall,” the official said. “So they are very committed to having all three pillars of the negotiation treated with equal ambition.”

Following is the text of the G8 leaders’ statement as released by the White House:

Office of the Press Secretary  
(Sea Island, Georgia)  
June 9, 2004  
G-8 Leaders’ Statement On Trade

We face a moment of strategic economic opportunity: by combining an upturn in growth in various regions with a global reduction in barriers to trade, we can deepen, broaden, and extend this economic expansion.

Trade liberalization is key to boosting global prosperity. It is one of the most effective ways to generate economic growth, and represents great potential for development and raising living standards.

We are committed to the multilateral trading system as the best means of achieving greater and effective trade liberalization and stronger global trade rules. The WTO has played a key role in driving global growth, and must continue to do so. The G-8 is committed to expanding economic growth, development, and opportunity by achieving ambitious results in the global trade negotiations, the Doha Development Agenda (DDA) of the WTO. We are encouraged by the reinvigoration of the negotiations in recent weeks. Working in cooperation with other WTO members, we are determined to move expeditiously before the end of July to complete the frameworks on key issues that will put these far-reaching negotiations on track toward a rapid and success-

ful conclusion. We call on all WTO members to work constructively and swiftly so we can meet our shared commitment to the DDA.

Our most pressing task is to focus on the core issues in the negotiations, which are drivers of economic development and growth: substantially reducing trade-distorting agricultural subsidies and barriers to access to markets; opening markets more widely to trade in goods; expanding opportunities for trade in services; overhauling and improving customs rules and other relevant procedures to facilitate trade; and advancing the development of all countries, especially the poorest, within the WTO system. A consensus appears to be emerging on a way forward for these issues. We must ensure that we maintain a high and consistent level of ambition in all areas, while bearing in mind all members’ sensitivities.

In agriculture, we are on the verge of an historic opportunity to meet our objectives established at Doha for fundamental agricultural reform encompassing strengthened rules and specific commitments on support and protection in order to correct and prevent restrictions and distortions in world agricultural markets. The next step is to secure the framework, by July, for these comprehensive negotiations on all forms of export competition, domestic support and market access. All three pillars of the agriculture negotiations must be treated with equal ambition. Cotton, a matter of primary concern to our African partners, can best be addressed ambitiously as part of the agricultural negotiations, while at the same time working on development-related issues with the international financial institutions.

Movement on agriculture will help generate progress in other core issues of the DDA, including agreement to launch negotiations on trade facilitation, as well as continuing to liberalize trade in manufactures and services, and strengthening WTO rules. In addition to expanding trade between developed and developing countries, it is particularly important that the DDA encourage the expansion of South-South trade. Open markets and domestic reform go hand in hand, offering the best means to further integrate developing countries into the global economy. We must ensure that as we look forward, the poorest are not left behind, but that they too develop the capacity to participate in the global trading system. We recognize that different countries will need to move at different speeds towards this aim.

The progressive integration by developing countries of trade into their development policies and poverty reduc-

tion strategies is crucial for their integration in the global economy, and will increase the benefits they derive from the multilateral trading system. We call on developing countries to further increase their efforts in this regard, and pledge to provide strong support in the form of technical assistance to build trading capacity.

We are determined to seize this moment of strategic economic opportunity. Therefore, we direct our ministers and call on all WTO members to finalize the frameworks by July to put the WTO negotiations back on track so that we can expeditiously complete the Doha Development Agenda.

#### U.S.-MIDDLE EAST FREE TRADE AREA HIGHLIGHTED

Initiative underscores moves to expand opportunities within region

Following is a June 9 White House fact sheet outlining key elements of the Bush administration's efforts to expand trade with the Middle East. The document was released during the June 8-10 Group of Eight summit in Sea Island, Georgia.

#### FACT SHEET: U.S.-Middle East Free Trade Area (MEFTA)

"Across the globe, free markets and trade have helped defeat poverty, and taught men and women the habits of liberty. So I propose the establishment of a U.S.-Middle East free trade area within a decade, to bring the Middle East into an expanding circle of opportunity, to provide hope for the people who live in that region." -- President Bush May 9, 2003 Columbia, S.C.

#### The President's Vision of Free Trade in the Middle East

To re-ignite economic growth and expand opportunity in the Middle East, the President, in May 2003, set out his vision of establishing a U.S.-Middle East Free Trade Area (MEFTA) by 2013. The MEFTA's focus is to work with countries in the Middle East in graduated steps to increase trade and investment with the United States and the world economy, and to assist these countries in implementing domestic reforms, instituting the rule of law, protecting private property rights (including intel-

lectual property), and creating a foundation for openness, economic growth, and prosperity.

#### Substantial MEFTA Progress at the One-Year Mark

-- Free Trade Agreements (FTAs): U.S. FTAs are comprehensive, high-standard agreements addressing such issues as transparency, the rule of law, anticorruption, and intellectual property protection, that are at the forefront of 21st Century commerce and support economic reform efforts in our FTA partners. U.S. FTAs in the region include:

- U.S.-Israel FTA (in force)
- U.S.-Jordan FTA (in force)
- U.S.- Morocco FTA: completed negotiations on March 2, 2004; formal signing to take place June 15, 2004
- U.S.- Bahrain FTA: completed negotiations on May 27, 2004

-- Robust Trade and Investment Framework Agreements (TIFAs): TIFAs promote the establishment of legal protections for investors, improvements in intellectual property protection, more transparent and efficient customs procedures, and greater transparency in government and commercial regulations. The United States has TIFAs with: Bahrain, Algeria, Egypt, Tunisia, Algeria, Saudi Arabia (signed July 2003), Kuwait (signed February 2004), Yemen (signed February 2004), United Arab Emirates (signed March 2004), and Qatar (signed March 2004).

-- Active Support for WTO Accession: The United States is providing assistance to Saudi Arabia, Lebanon, Algeria, and Yemen in their WTO accession negotiations.

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